

Message Text

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TO AMEMBASSY MOSCOW

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C O N F I D E N T I A L STATE 274757

E.O. 11652: GDS

TAGS: BTRA, BGEN, UR, US

SUBJECT: ASSISTANCE TO FOREIGN-OWNED U.S. SUBSIDIARIES

REF: MOSCOW 15453 (NOTAL)

1. REFTEL DISCUSSED SEVERAL RECENT INSTANCES WHERE
EMBASSY MOSCOW HAS PROVIDED COMMERCIAL ASSISTANCE TO U.S.
COMPANIES WHICH ARE WHOLLY OWNED SUBSIDIARIES OF FOREIGN
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FIRMS. IN CASES WHERE THE U.S. SUBSIDIARIES ARE IN

DIRECT COMPETITION WITH AN AMERICAN FIRM, EMBASSY MOSCOW ASKS WHETHER BOTH SHOULD RECEIVE THE SAME TREATMENT. DEPARTMENT APPRECIATES EMBASSY'S RAISING THIS PROBLEM. IT IS ESPECIALLY DIFFICULT IN THE CONTEXT OF COMMUNIST COUNTRY ECONOMIC SYSTEMS WHERE WESTERN BUSINESSMEN RELY HEAVILY ON THEIR EMBASSIES FOR ASSISTANCE. FOLLOWING POINTS MAY BE USEFUL TO ADDRESSEES IN HANDLING SUCH CASES.

2. POSTS SHOULD BEGIN WITH UNDERSTANDING THAT NO U.S. CITIZEN CARRYING ON LEGITIMATE BUSINESS ACTIVITIES SHOULD BE DENIED ACCESS TO ROUTINE COMMERCIAL SERVICES OF U.S. POSTS ABROAD. AMCIT EMPLOYEES OF FOREIGN-OWNED FIRMS ARE NO

LESS ENTITLED TO THESE SERVICES THAN ARE THOSE WHO WORK FOR DOMESTICALLY OWNED U.S. COMPANIES. INCLUDED IN CATEGORY OF SERVICES WOULD BE ROUTINE BUSINESS COUNSELING, USE OF COMMERCIAL LIBRARY AND RELATED FACILITIES, AS WELL AS COMMERCIAL REPORTING GENERALLY AVAILABLE TO THE PUBLIC, SUCH AS OBR'S.

3. WHEN A U.S. CITIZEN EMPLOYEE OF A FOREIGN-OWNED COMPANY REQUESTS SERVICES BEYOND THE ROUTINE, POSTS IN THEIR RESPONSE SHOULD DISTINGUISH ACCORDING TO THE AMOUNT OF BENEFITS WHICH MAY ACCRUE TO U.S. COMMERCIAL INTERESTS. AMONG CONSIDERATIONS IN THESE CASES WOULD BE WHETHER ASSISTANCE TO FIRM PROMOTES U.S. EXPORTS OR THE PRODUCTION OR SALE OF RAW MATERIALS OR OTHER GOODS REQUIRED IN THE U.S., OR ENHANCES THE BALANCE OF PAYMENTS POSITION OF THE U.S. (E.G., THROUGH REPATRIATION OF PROFITS FROM FOREIGN SUBSIDIARIES OR LICENSEES.)

4. TYPES OF ASSISTANCE WHICH MAY BE CONSIDERED BEYOND THE NORMAL WOULD INCLUDE REQUESTS FOR INTERCESSION ON BEHALF OF A FIRM WITH HOST GOVERNMENT, HIGH-LEVEL CONTACT WITH EMBASSY, TRADE OPPORTUNITY INFORMATION, AND ECONOMIC ANALYSIS OF A NATURE MORE SPECIFIC THAN THAT GIVEN IN ROUTINE BRIEFING.

5. GIVEN THE SPECIAL NATURE OF DOING BUSINESS IN CEMA COUNTRIES, THERE MAY WELL BE OCCASIONS WHERE POST CONFIDENTIAL

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WISHES TO PROVIDE SUPPORT TO A FIRM EVEN THOUGH DIRECT ECONOMIC PAYOFF TO U.S. IS MARGINAL. SUCH INSTANCES MAY OCCUR WHEN THE FIRM IN QUESTION CAN PROVIDE POST ACCESS TO IMPORTANT SECTORS OF THE LOCAL ECONOMY OR GOVERNMENT WHICH HAD HITHERTO BEEN INACCESSIBLE, OR WHEN THE FIRM IS IN A POSITION TO PROVIDE COMMERCIAL INTELLIGENCE OR MARKET INFORMATION ON A CONTINUING BASIS. IN EITHER OF THESE SITUATIONS SUPPORTIVE ACTION

MAY PROVIDE INDIRECT ECONOMIC BENEFITS.

6. IN THE CASES CITED REFTEL, IF NONE OF THE CRITERIA
IN PARA 5 ABOVE APPLY, WE ASSUME EMBASSY WOULD LIMIT
ITS ACTIVITY TO THE NORMAL SERVICES DESCRIBED IN PARA 2
ABOVE.

7. DEPARTMENT WELCOMES ADDITIONAL COMMENT FROM
ADDRESSEES. KISSINGER

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